

**MINUTES OF THE MEETING OF THE  
SPECIAL MEETING OF THE  
ROWAN COUNTY BOARD OF COMMISSIONERS  
PLANNING WORK SESSION**

**February 16, 2011 – 1:00 PM**

**J. NEWTON COHEN, SR. ROOM**

**J. NEWTON COHEN, SR. ROWAN COUNTY ADMINISTRATION BUILDING**

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Present: Chad Mitchell, Chairman  
Carl Ford, Vice-Chairman  
Jon Barber, Member  
Raymond Coltrain, Member  
Jim Sides, Member

County Manager Gary Page, Clerk to the Board Carolyn Athey, County Attorney Jay Dees and Finance Director Leslie Heidrick were present.

Chairman Mitchell convened the meeting at 1:00 pm.

Chairman Mitchell provided the Invocation and also led the Pledge of Allegiance.

**CONSIDER APPROVAL OF THE AGENDA**

Commissioner Sides moved, Commissioner Barber seconded and the vote to approve the agenda passed unanimously.

Chairman Mitchell said the purpose of the meeting was to give staff direction for preparation of the 2011-12 budget. Chairman Mitchell said there were five main topics to be covered and that decisions did not have to be made today.

**1. DISCUSSION REGARDING 2011-12 BUDGET**

County Manager Gary Page said the last 2 ½ years had been difficult due to the recession and the County had tried to balance its cuts and cutting services for as long as possible. Mr. Page said the County was now at the point where it needed to stop using the fund balance to make up for the shortfalls. Mr. Page said the fund balance should maintain two (2) months worth of operating expenses.

In response to a request from Commissioner Barber, Mr. Page recapped the cost-cutting measures the Board had taken thus far. The measures included, freezing and cutting positions, furlough days, cuts to health insurance benefits, and no pay raises.

Mr. Page provided a handout that highlighted the work session topics for discussion.

### **Item 1. Discussion regarding the 2011-12 Rowan County Budget**

Mr. Page said the Board would need to determine how to make up for the \$3 million shortfall in the next budget. Mr. Page said to avoid continual use of the fund balance to make revenues match expenses, the County could take the following steps:

- Cut county departments 4% to 5% to save \$2 million
- Cut the school system by \$1 million (under a 3% cut)
- Cut 7 to 10 employee positions
- Cut non-profits 10%
- User fee increases
- Health Insurance Plan (increase co-pays, prescriptions, out of pocket deductible)

Mr. Page asked how the Commissioners felt about cutting non-profits across the board. Commissioner Ford felt some of the non-profits should be cut 10 to 15% while others should be eliminated totally.

Commissioner Sides said he would like for each Board member to receive a complete list of nonprofits that receive county funding so the Board members could review the list and share their opinions as to which nonprofits could be cut.

Commissioner Coltrain agreed with Commissioner Sides' suggestion.

Commissioner Barber felt at some point the Board should discuss establishing a countywide tax rate for the Rescue Squad so the Board would not have to discuss the Rescue Squad's funding each year.

Chairman Mitchell said when the Board members receive the list of nonprofits the Commissioners' should submit their opinions about cuts for those agencies to the County Manager to provide guidance in formulating the budget.

In regards in user fee increases, Commissioner Sides said he was not in favor of increasing fees for the purpose of being competitive and for using the increases as a revenue stream. Commissioner Sides said he somewhat agreed that the people using the services should pay for them.

Commissioner Barber agreed with Commissioner Sides.

Commissioner Coltrain felt the Board should look at user fees; he also agreed that users should pay the fees. Commissioner Coltrain said he would like for the County Manager to review the fees and talk to department heads. Commissioner Coltrain said the revenue should cover the expense of providing the services. Mr. Page said the fees used to cover the costs; however, now they do not.

Commissioner Barber requested clarification as to how the school system's fund balance had accumulated over time. Commissioner Barber asked if the contributors were state, federal or local dollars.

Commissioner Sides responded that the school system was not allowed to keep state or federal dollars; those monies must be reverted back. Commissioner Sides said the school system was only allowed to keep local dollars.

Commissioner Sides asked Ms. Heidrick to distribute a report that showed the increased fund balance amounts for Rowan-Salisbury Schools (RSS) over the past 3 years. Commissioner Sides pointed out that the County was required to maintain a fund balance and the County's fund balance had continued to decrease while the RSS fund balance had increased with County funds. Commissioner Sides felt the Board should consider the RSS fund balance during budget discussions in an effort to forestall a tax increase for the citizens this year.

Ms. Heidrick was of the opinion that the RSS fund balance was the result of local monies and was not comingled with state and federal funds.

Commissioner Sides said the Commissioners were not talking about cutting RSS but rather tapping into their fund balance.

Commissioner Ford agreed with Commissioner Sides and expressed hope that the County could tap into the RSS fund balance since it came from local tax dollars.

Mr. Page discussed the benefits for retirees and asked the Commissioners' opinions about either not offering the retiree health insurance for all new hires after July 1, 2011, or possibly paying for only half of the benefits.

Ms. Heidrick provided a worksheet with cost projections for retiree health insurance.

Commissioners Sides and Coltrain both felt that department heads should not be treated any differently than county staff in terms of retiree insurance in the future.

Commissioner Coltrain said the County had initially saved money with the plan since replacements for the retiring employees were not paid as much in salaries. Commissioner Coltrain said the County might see a decrease in the caliber of

employees and services if the benefit was cut and he cautioned the Board that there could potentially be long-term negative effects.

Commissioner Ford felt the plan should be reviewed and also that the County should require new hires to pay for part of their insurance. Commissioner Ford said the requirement could be reversed if the economy turned around.

Mr. Page asked if it was the Board's pleasure to leave the plan in place or make changes.

Commissioner Sides said he would like to see the County eliminate the benefit for future hires after July 1, 2011 and Chairman Mitchell and Commissioner Ford agreed.

Mr. Page said the County currently pays the full cost for health insurance for fulltime employees. Mr. Page asked if the Board wished to require future hires to pay 10% of the premium after July 1, 2011.

Commissioners Sides, Barber, Ford and Chairman Mitchell shared comments as to why they favored new employees paying for a portion of their health insurance.

Chairman Mitchell called for a recess at 2:25 pm.

Chairman Mitchell reconvened the meeting at 2:35 pm.

Ms. Heidrick provided a handout containing Law Enforcement Officers (LEO) separation allowance projections, and said the program was set up similar to the retiree insurance. Ms. Heidrick said the program was a state requirement and could not be discontinued from the local level.

Commissioner Sides said he had requested the information, which was another recurring budget every year.

## **Item 2. Discussion Regarding 2011 Revaluation**

Mr. Page provided a handout and he, along with Ms. Heidrick, reviewed the following 2011 revaluation information:

- Official tax base numbers
- Revenue neutral formula / calculation

Ms. Heidrick reported the revenue-neutral tax rate for 2012 would be 0.6208 and the increase in the tax rate to reach revenue-neutral would be 0.0258.

Commissioner Barber said due to the revaluation, he anticipated there would be a lot of fire districts that would request an increase in their tax rate. Commissioner Barber said he wanted to go on record that he still supported

requiring the fire departments to hold a local public hearing and to come before the Board before approval of a tax rate increase would be granted. Commissioner Barber felt it was important to keep the local communities engaged. Commissioner Barber said he supported the lowest property tax rate possible.

Chairman Mitchell discussed revenue-neutral and said it was the Board's responsibility to fix the tax rate where it was most fair to everyone. Chairman Mitchell said from his perspective, discussions should begin with the revenue-neutral tax rate of 0.6208.

Commissioner Coltrain agreed with Chairman Mitchell and said the tax bill for 2011 should be the same as 2010, with the same principle applicable to the fire departments. Commissioner Coltrain said he was in favor of staying at revenue-neutral.

Commissioner Barber said he would rather start at 0.5950 and figure out how to address the Rowan-Cabarrus Community College (RCCC) bond.

Commissioner Ford said he would like to see a lower tax rate; however, many of the services provided by the County were mandated. Commissioner Ford said cuts should be made where the least amount of people were affected.

Commissioner Sides said he would like to see the County leave the tax rate at 0.5950 and that he did not want to see cuts beyond the \$2 million the County Manager had already indicated.

Commissioner Mitchell said it was important for the County Manager to keep scenarios and options available for various tax rates from 0.5950 to 0.6208.

### **Item 3. Discussion Regarding Rowan Cabarrus Community College \$12 Million Bond Referendum**

Mr. Page said the bond referendum in the amount of \$12 million had been approved by the voters in the fall. Mr. Page said the bond would require a \$1.25 tax rate increase in order to pay the debt.

Mr. Page said if the Board planned to complete the \$12 million in RCCC projects over 15 years and raise the tax rate \$1.25, there were two (2) things the Board needed to do. First, the Board would need to authorize the Finance Director to move forward with contacting the banks and going through the process of borrowing the money. Mr. Page said the County would also approve a reimbursement resolution, which would allow RCCC to use reserves and foundation monies to pay for engineering fees, etc. Mr. Page said the resolution would allow the County to reimburse the college for the engineering fees.

Mr. Page asked the Board to consider agreeing to the \$12 million for 15 years, authorize the Finance Director to move forward with the financing and approve the reimbursement resolution.

Commissioner Sides recalled discussions for immediate needs at the college that ranged from \$3 million to \$5 million. Commissioner Sides said he had favored funding for those immediate needs. Commissioner Sides said the college had accommodated phenomenal growth in student population over a short period of time and the college had real needs. Commissioner Sides said he was in favor of many of the projects at the college; however, he expressed concern with the speed at which the Commissioners were being asked to move forward on the improvements. Commissioner Sides felt the Board should provide funds for the immediate needs and not do all projects at one time.

Commissioner Coltrain said the Board was elected to meet the needs of the people and that while he understood Commissioner Sides' comments, he said there were costs associated to the bond process.

In response to a query from Commissioner Coltrain, Ms. Heidrick explained that if there was one issuance of \$12 million the County would receive the best interest rate. Ms. Heidrick estimated the issuance cost at \$90,000. Ms. Heidrick said if there were multiple issuances, Bond Counsel recommended not going with a public offering but rather private placement. Ms. Heidrick said for each one of those types of issuances, the cost would be approximately \$45,000 or \$50,000 per issuance. Ms. Heidrick said one factor in obtaining the best rate was to go public.

Commissioner Coltrain said construction costs would be less now and he felt since the people had approved the bond, the Board should move forward.

Chairman Mitchell said the County would struggle to get the tax rate down to 0.5950 and that the rate could be as high as 0.6208. Chairman Mitchell said with the bond, the rate could be as high as 0.6333. Chairman Mitchell continued by saying the citizens had taken several leaps of faith in a short period of time by approving the ¼ cent sales tax and also approving passage of the bond for the college. Chairman Mitchell said the Board had agreed to use the ¼ cent sales tax to pay for digital radios, for moving the 911 Center and building towers for emergency service coverage in the County. Chairman Mitchell said in talking with the County Manager, the County was not going to use the full amount to pay for those items due to those items coming in under budget. Chairman Mitchell suggested the County pay the items off early and put the ¼ cent back on the ballot to see if it could be removed. Chairman Mitchell said the other option he was willing to consider was to use the additional unused revenue from the ¼ cent to cover the RCCC costs. Chairman Mitchell said both items were voter approved and the sales tax seemed a more fair way to pay for the needs at RCCC.

Mr. Page said when the Board approved the ¼ cent sales tax, it also approved a resolution stating how the sales tax would be spent. Mr. Page said the ¼ cent sales tax was to be used to make the debt payment for 10 years, the sales tax would sunset and be removed. Mr. Page said Chairman Mitchell was suggesting a way to package the sales tax and bond referendum so that people who pay for goods and services would pay for the improvements at the college.

Commissioner Sides said he liked Chairman Mitchell's idea and wanted to spend time thinking about it.

Commissioner Barber said the Board had given its word that the ¼ cent sales tax would sunset once the Telecommunication and new jail projects were paid for. Commissioner Barber said he would hate to go back on his word but he did support using consumption sales tax as opposed to using property taxes. Commissioner Barber said he would have to think about the suggestion further.

Commissioner Ford said the Board previously stated the sales tax would be used for the Telecommunications needs and for the new jail. Commissioner Ford said he could not support the suggestion unless the matter went back to the voters for their approval.

Commissioner Coltrain said the Board was responsible for managing tax dollars and that he would be willing to entertain the prudent use of any remaining dollars from the jail and telecommunications projects towards the community college.

Commissioner Sides said since he was not on the Board at the time the sales tax was approved he would be comfortable in how he voted to use the sales tax. Commissioner Sides again stated that he would have to give the suggestion some thought.

Mr. Page said the jail and radio towers would be financed over a 10-year period and would last for 30 years. Mr. Page said the improvements at the college would also last 30 years. Mr. Page said the bank would probably have issues with spending \$8 million on radios that might only last 7 to 10 years. Mr. Page said staff could research the suggestion.

#### **Item #4 Discussion Regarding the Reorganization of the Senior Services Department**

Mr. Page provided a handout regarding the proposed terms for the reorganization. Mr. Page said in the past 90 days, the Board had made the effort to downsize and save money due to the retirement of several employees.

In regards to changes with the Senior Services Department, Mr. Page said the Board had already set up Rowan Transit separately and the Veterans Services Officer was reporting directly to the County Manager.

Mr. Page highlighted the proposed reorganization, which was to merge Senior Services with the Rufty Holmes Senior Center (RHSC), with the employees reporting to the RHSC Director, Rick Eldridge. Mr. Page said the 4 county employees would become employees of the RHSC on July 1, 2011 and would lose their health insurance and retirement benefits. Mr. Page reported there were 2 positions at Senior Services that were social worker positions, which would be rified on July 1, 2011. Mr. Page said those services would then be referred to the Department of Social Services (DSS). Mr. Page said all remaining services would fall under the RHSC.

Mr. Page reviewed the list of items in the handout that he and Mr. Eldridge had verbally agreed to. Mr. Page said the RHSC Board of Directors was in unanimous agreement to support the merger.

Commissioner Sides referred to the item that would allow the RHSC employees to purchase health insurance from the County for each full-time employee at the same rate as that of County employees. Commissioner Sides said he was opposed to nonprofits being on the county's insurance. Commissioner Sides discussed the \$60,000 allocation to the RHSC and said Mr. Page would need to adjust the estimated cost-saving figures for the reorganization.

Mr. Page said the goal was to save the \$130,000 and that the details would have to be worked out.

In regards to the administrative fee for handling of grant funds, Commissioner Ford discussed the possibility of asking the local legislative delegation to introduce legislation to exempt the County from the requirement to contract with the Area Agency on Aging for grant funds.

Chairman Mitchell said based on the amount of money the County would be saving, he did not have a problem transitioning the other employees over to the County's insurance.

Commissioner Sides said he would not vote to allow non-county employees to be added to County insurance and Commissioner Ford agreed.

Mr. Page said he hoped the Board would have conversation at the meeting on Monday as to whether to go forward with the option for the merger and to advise the County Attorney to draft the Memorandum of Understanding (MOU).

At the request of Commissioner Sides, Mr. Page discussed the option of moving the Senior Services employees under the Department of Social Services.

Commissioner Barber said his preference was a one-stop shop for the seniors and that the Board owed the employees a decision, sooner rather than later.

Chairman Mitchell called for a recess at 4:20 pm.

Chairman Mitchell reconvened the meeting at 4:30 pm

**Item 5 Update on Stadium Status with the City of Kannapolis**

Chairman Mitchell delayed discussion on this issue until the February 21, 2011 Commission Meeting.

**2. DISCUSSION OF OTHER TOPICS AS TIME ALLOWS**

Commissioner Coltrain inquired as to when the Board would brainstorm on the remaining topics that had been submitted for consideration. Chairman Mitchell responded that Commissioner Barber had indicated his topics could wait until the March 7, 2011 Commission Meeting.

Commissioner Coltrain was agreeable to waiting until March 7, 2011 to discuss his own topics, as long as he would be granted approximately 10 minutes to present the information.

Chairman Mitchell agreed that Commissioner Coltrain would be allocated 10 minutes on March 7, 2011 to present the topics.

**3. ADJOURNMENT**

There being no further business to come before the Board, Commissioner Barber moved to adjourn at 4:33 pm. The motion was seconded by Commissioner Sides and passed unanimously.

Respectfully Submitted,

Carolyn Athey, CMC, NCCCC  
Clerk to the Board/Assistant to the County Manager